



TENNESSEE ECONOMIC AND COMMUNITY DEVELOPMENT
312 EIGHTH AVENUE NORTH, ELEVENTH FLOOR
NASHVILLE, TENNESSEE 37243
WWW.TNECD.GOV

COMMISSIONER AT WORK

A few highlights of Commissioner Kisber's most recent activities.

Speaking Engagements:

- Cisco Systems Networking Academy, Nashville, TN
- Kenwal Steel New Facility Announcement, Wilson County, TN
- Milagro Biofuels Grand Opening Celebration, Memphis, TN
- Olhausen Billiards Manufacturing, Inc. Groundbreaking ceremony, Portland, TN

Events:

- Clarksville-Montgomery County Corporate Business Park Expansion, Clarksville, TN
- National Conference of State Legislatures, Nashville, TN
- M-TEK Inc.'s 20-year Anniversary Celebration, Manchester, TN
- Tennessee Gas Association Fall Management Conference, Gatlinburg TN
- Tennessee Entrepreneurship Conference, Cookeville, TN

Announcements

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Kenwal Steel has announced plans to construct a new state-of-the-art service center to serve a growing customer base in the South. The 100,000-square-foot facility will be in Lebanon and will process a full range of flat rolled steel products. The Lebanon facility will include two new coil slitting systems for both light and heavy gauge material up to 72" wide with an automated banding line to accommodate specific customers' packaging needs. Inbound rail service will be provided by the Nashville Eastern Railroad. As many as 70 full-time jobs will be generated at peak employment.

Koyo Corporation of USA and Nakatetsu Incorporated will option properties in the Washington County Industrial Park, located on Highway 11E between Johnson City and Jonesborough. Nakatetsu

Incorporated of Tennessee and Koyo will partner to establish a joint venture, "Nakatetsu Machining Technologies." Approximately 150 new jobs are expected to come to Washington County from these projects ranging from production, skilled trade and professional positions.

Nissan North America, Inc. officially launched crankshaft forging production at the Decherd Powertrain Assembly Plant in Decherd, Tenn. The company invested \$48 million in the crankshaft forging operation, which will reach full production in March 2007. The forging operation requires about 60 employees. During the announcement, Nissan executives also announced a \$34.7 million capital investment to expand the plant to add cylinder block casting production in the spring of 2008. The addition of cylinder block casting represents the fourth expansion of the Decherd facility since it started production in

May 1997. The \$34.7 million casting project will add another 51,000-square-feet to the existing one million-square-foot facility. At full capacity, the facility will require 50 employees to produce 192,000 cylinder block castings annually for the 3.5-liter VQ V6 engine found in the popular Altima sedan.

Touchstone Wireless LP, a privately held, fast-paced wireless repair/refurbishing company, has announced plans to expand its operations in Bristol creating more than 200 new jobs, ranging from entry level production to experienced electronic technicians. The company currently employs 430 at its Bristol facility and expects employment to reach well over 600 in the next six weeks with this expansion. Touchstone Wireless is the largest wireless remanufacturing company in North America and now has operations in five states and Puerto Rico.

SAVE THE DATE

GOVERNOR'S CONFERENCE

**SEPTEMBER 12 & 13, 2007
Nashville, TN**

China

(Continued from Page 2)

sell into. Christopher Columbus noted in the margin of his copy of *Marco Polo's Travels*, "an incalculable amount of trade." Like Columbus we also can recognize the benefit of developing a partnership with China.

Tennessee Department of Economic & Community Development, Authorization # 330957 - 8,600 copies, October 2006. This public document was promulgated at a cost of 13¢ per copy.

DEVELOPMENTS

NEWS FROM TENNESSEE ECD

NEXT STEPS: JOB CREATION

Bredesen unveils new job creation strategy at Governor's Conference

Governor Phil Bredesen announced a "Next Steps: Job Creation" strategy for Tennessee, including plans to develop a more skilled work force, invest in new infrastructure, foster innovation and enhance the state's sales and marketing efforts.

Speaking to more than 600 attendees at the annual Governor's Conference on Economic and Community Development Sept. 13 in Nashville, the Governor reviewed major successes since 2003, including more than 103,000 new jobs and more than \$12 billion in new business investment. He then stepped through a series of new proposals designed to drive Tennessee's job-creation efforts moving forward.

"A lot of what we need to do is just an extension of what we've been doing already: Beating the bushes for economic development prospects and aggressively selling them on Tennessee," the Governor said. "But there are a few areas we can focus on that will generate substantial returns in the future."



Gov. Bredesen addresses conference attendees at the annual Governor's Dinner.

growth with better traditional and high-tech infrastructure.

3. Fostering Innovation

The Governor proposed stepping up the state's commitment to producing high-quality research jobs with targeted efforts designed to assist but not interfere with innovation.

4. Expanding Sales and Marketing

The Governor proposed stepping up basic sales and marketing efforts at both the state and local levels.

Finally, the Governor noted that his economic development strategy will continue to evolve in order for the state to remain flexible in job recruitment.

"As a businessman, I'm guided by a core principle," he said. "I believe our quality of life depends on our ability to recruit businesses that can grow and expand and be productive. And it absolutely depends on the ability of hard-working Tennesseans to find good jobs that will help them earn a good living for themselves and their families." The Governor added: "If we do those things right, then a lot of the other challenges in government take care of themselves."

The conference theme, "Mission Possible: Invent the Future," challenged community leaders to take a global view of the opportunities to attract new jobs and investment, especially in key sectors like manufacturing, distribution and the automotive industry.

The featured guest speaker on Sept. 12 was Gene Huang, chief economist with FedEx Corporation, where he is responsible for forecasting global economic and financial conditions. Named by both the *Wall Street Journal* and *Business Week* as one of the nation's top economic forecasters, Huang provided real-world examples and helped communities prepare for the future.

The specialists who represent Tennessee in Europe, Japan and Canada joined the conference for the first time in more than three years. Attendees

learned how to use Tennessee's international consultants as a resource and received useful tips on marketing their communities to foreign companies.



ECD Commissioner Kisber welcomes Gene Huang, chief economist with FedEx to the podium. Huang was the featured guest speaker at the Commissioner's luncheon, Tuesday, Sept. 12.

October/November 2006

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Announcements...

DURA Automotive Systems, Inc. recently announced its plans to expand operations at three Tennessee facilities. The expansion will mean a nearly \$3 million capital investment and more than 200 new jobs combined. DURA Automotive Systems, Inc., is a leading independent designer and manufacturer of driver control systems, seating control systems, glass systems, engineered assemblies, structural door modules and exterior trim systems for the global automotive industry.

(See Announcements, Page 3)



Larry Denton, chairman and CEO of DURA Automotive Systems Inc.; Paul Rosson, Lawrence County Executive; and Commissioner Matthew Kisber.

SPECIAL EDITION
GOVERNOR'S CONFERENCE

COMMISSIONER'S CORNER

The 53rd Annual Governor's Conference on Economic and Community Development is over, and this year's conference represents our third successful year!



At the Commissioner's Luncheon, we were excited to hear from Dr. Gene Huang, chief economist for FedEx, who offered great insight on the future of our economy - locally, nationally and globally.

As always, Gov. Bredesen's remarks at the Governor's Dinner were right on target. Gov. Bredesen continues to show his commitment to creating better skilled, higher-paying jobs for Tennesseans. He revealed his "Next Steps: Job Creation" strategy for Tennessee, encompassing a four-point plan for developing a more skilled work force, investing in new infrastructure, fostering innovation and expanding sales and marketing efforts at both the state and local level.

Certainly, I can say this was one of the most successful conferences we've had to-date. I truly hope you received real value from attending. We look forward to seeing you again next year.

Matthew Kisber

— Matthew Kisber
Commissioner, Tennessee Department of
Economic & Community Development

"Best In Expo"

Claiborne County Selected at ECD's 2006 Governor's Conference

Claiborne County received a Certificate of Excellence for its outstanding exhibit booth displayed at the 53rd Annual Governor's Conference on Economic and Community Development. More than 40 exhibitors were on hand at this year's Governor's Conference, with Claiborne County taking "Best In Expo" honors for its colonial-style exhibit which effectively highlighted the county's business climate, cultural offerings and quality of life. "I am pleased to congratulate Claiborne County as the "Best In Expo" for this year's Governor's Conference," said Tennessee



ECD Commissioner Kisber (center) congratulates the "Best in Expo" winner Claiborne County.

ECD Commissioner Matthew Kisber. "There were a number of excellent exhibits that presented some close competition. Claiborne County should be proud of its achievements and the steps they're taking to create new opportunities for Tennesseans. The community showed a lot of diligence and energy in pulling together an outstanding exhibit."

MISSION: POSSIBLE

PILOT Your Way To New Job Growth

This session was a new theme for the Governor's Conference in 2006 and judging from the response it may return. A panel of some of the state of Tennessee's top real estate and tax attorneys discussed "payment-in-lieu-of-tax" agreements with a packed room of more than 100 conference attendees. Nashville attorneys Tom Trent and Joe Gibbs were joined by Tennessee Board of Equalization Executive Director Kelsey Jones to discuss new trends in reaching agreements with prospective companies. In some Tennessee communities, PILOT agreements have become politically controversial as government leaders grapple with debate over the potential benefits of extending tax abatements to

lure new jobs. Attendees learned that even if a local industrial development board holds title to a piece of property, the company's lease on that property may be subject to property taxes if not structured correctly.

Also, a PILOT can be complicated even more if a company gets bought out during the negotiation process or if a company's expansion is financed through a lender requiring a secured loan. Panelists told attendees successful negotiation of a PILOT requires knowledgeable legal help, attention to detail and compliance with state-mandated filing requirements, but the results can lead to new jobs and new investment.

Land for the Taking: Eminent Domain

The U.S. Supreme Court ruling in Kelo vs. New London earlier this year pushed the subject of eminent domain to the forefront of political debate as state and local governments grappled with setting appropriate standards for the condemnation of private property. Although the U.S. Supreme Court upheld the right of governments to condemn property that had not been found to be blighted in order to promote economic development, eminent domain has been largely used in Tennessee for public transportation, public facilities, utilities and the redevelopment of blighted areas. Nevertheless, the General Assembly responded to Kelo by adopting 2006 Public Acts,

Chapter 863 to limit the use of eminent domain to promote economic development.

Panel participants included Nashville attorney Jim Murphy, TDOT Director of Rights-of-Way Mike Clinard and ECD engineer Wilton Burnett. Conference attendees learned about the new limitations on the use of eminent domain for industrial parks, the process to acquire property through eminent domain and the other impacts on the use of eminent domain resulting from the adoption of the new legislation.



China: The Asian Giant Can Benefit You

By Dr. Howard H. Cochran, Jr.

At ECD's Governor's Conference, Dr. Howard Cochran, Jr., a professor of economics and management at Belmont University in Nashville; Gray Sasser, attorney with Miller Martin in Nashville; and Rebecca Karnak, manager of Business Advisory Services Division for the U.S.-China Business Council, presented a session titled "China: Can the Asian Giant Benefit You?" Below is a submission from Dr. Cochran in response to the session:



Dr. Howard H. Cochran, Jr.

each grow by nine percent or more annually.

China has people with purchasing power. China is the fourth largest dollar volume destination for merchandise exports from the U.S. and the third largest destination for Tennessee exports. Tennessee's largest export is cotton, \$800 million though June of 2006, a 164 percent increase over the preceding year. State exports of electronics, chemicals, plastics, medical instruments, machinery and woven fabrics are each in excess of \$50 million annually. Leading industry sectors for U.S. exports and investment in China include: medical equipment, telecommunications, water treatment, agricultural chemicals, automotive components, software, semiconductors, power generation, construction and mining equipment, along with training and education.

The U.S. imports from China grew by 24 percent in 2005. Nearly \$17 billion in apparel items were imported from China, of which some were certainly made from Tennessee cotton.

China is a significant trading partner of both the U.S. and Tennessee, offering a substantial domestic market to

(See China, Page 4)

Kisber Visits China

ECD Commissioner Matthew Kisber visited Hong Kong and Beijing in late September to participate in a trade show and a series of meetings aimed at building economic ties between Tennessee and China.

Kisber represented the state at the American Real Estate and Services Show in Hong Kong and he met with business and government leaders on strategies to increase the level of trade between the state and one of the world's fastest growing economies.

While in Shanghai, Commissioner Kisber, Assistant Commissioner of Business Development Paul LaGrange and Director of Asian Business Development Lori Odom visited Plante & Moran, the nation's 11th largest certified public accounting and business advisory firm. Plante & Moran has a staff of more than 1,400 professionals in 17 offices throughout Michigan, Ohio, Illinois, Nashville, Tenn., and Shanghai, China.



ECD Commissioner Matthew Kisber; Alex He, Country Manager of Plante Moran Shanghai; and ECD Assistant Commissioner of Business Development Paul LaGrange.

ECD ANNOUNCEMENTS

Al's Garden Art, a family-owned wholesale manufacturer of cast stone fountains and statuary, has announced that it will open a 240,000-square-foot manufacturing and distribution facility at the Old Fedders building in Columbia. The company expects to create 50 to 100 jobs in the first year of operation and up to 400 jobs within the next five years. Al's Garden Art is headquartered in Colton, Calif., and offers hand-crafted, custom cast stone work using century old techniques.

Christensen Yachts of Vancouver, Wash., recently announced that it will build a new \$20 million, 400,000-square-foot facility on the shores of Tellico Lake, southwest of Knoxville. The company will build ultra high-end yachts costing up to \$50 million at the new Knoxville plant. Christensen President Joe Foggia said the plant initially will have 500 employees, but he added that plans call for doubling that number in six years.

General Motors (GM) rolled out its first hybrid vehicle produced in Spring Hill, called the Saturn VUE Green Line, which is a hybrid version of the compa-



Gov. Bredesen tests drive the Saturn VUE Green Line, which gets 27 miles per gallon in the city and 32 on the highway.

ny's sport utility vehicle. GM is implementing a three-pronged approach to alternative vehicles, seeking better gasoline engines, gas-electric hybrids and hydrogen fuel-cell technology. The suggested retail price is less than \$23,000. GM says the VUE Green Line provides a 20 percent boost in fuel efficiency, and gets 27 miles per gallon in the city and 32 on the highway.

General Electric has announced its plans to open a \$30 million lighting warehouse facility in Hiwassee River Industrial Park in Bradley County, which will bring 200 new jobs to the region. The building is scheduled to be completed by April 2007.

NSK Steering Systems, a leading worldwide manufacturer of automotive steering systems and components announced plans to open a new U.S. plant in the Dyersburg North Industrial Park, located on Interstate 155, the future I-69 route through Dyer County. Over a period of three to four years, the plant is expected to employ some 150 people.

C & S Plastics, LLC, a Tier II automotive supplier, has undergone a major expansion effort doubling its manufacturing space and creating several new jobs in Fayetteville. The company opened in 2003 starting with just 15 employees and has grown to its current 93 with plans to add up to 35 more positions over the next six to nine months.

(See Announcements, Page 4)